

# 2007 STATUS REPORT

## IOWA UNEMPLOYMENT COMPENSATION TRUST FUND

This 2007 Status Report of the  
Iowa Unemployment Compensation Trust Fund  
is a publication of  
Iowa Workforce Development



# **2007 Status Report**

## **On the Iowa Unemployment Compensation Trust Fund**

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is a publication of Iowa Workforce Development.

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## Table Of Contents

Preface: Guide for Interpretation.....	2
Executive Summary .....	3
Trust Fund History at A Glance.....	4
Section A: Unemployment Insurance Benefits .....	6
Section B: Unemployment Insurance Revenue .....	7
Section C: UI Fund Balance.....	8
Section D: UI Fund Solvency .....	9
Appendix A: Tables.....	11
Appendix B: Graphs.....	17
Appendix C: Definition and Technical Notes.....	29

## **Preface – Guide for Interpretation**

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

## Executive Summary

This report evaluates the status of Iowa's unemployment compensation trust fund as of December 31, 2007. It reviews fund expenditures and fund revenue. It also discusses the fund solvency in terms of fund balance, fund balance adjusted for inflation and wage growth, and months of benefits in the fund.

**Unemployment Insurance Benefits Payout:** Benefits paid to unemployed Iowa workers rose from \$218 million in 2000 to \$381 million in 2003 due to a slower national economy. Benefits fell to \$312 million in 2004 and \$296 million in 2005, but rebounded to \$313 million in 2006 and \$330 million in 2007. Some other facts:

- The number of first payments rose from 84,455 in 2000 to over 110,000 in 2001 through 2003. A decrease in new layoffs caused first payments to drop to 88,976 in 2004. First payments remained around 92,000 in 2005 through 2007.
- Average duration of benefits increased from 11.2 weeks in 2000 to 14.1 weeks in 2004. The duration of benefits was 12.5 weeks in 2005 and 2006 and 12.9 weeks in 2007.

**UI Trust Fund Revenue:** Fund revenue primarily comes from UI taxes paid by Iowa employers and interest earned on the fund balance. Combined revenue grew from \$376 million in 2006 to \$384 million in 2007. The benefit payout grew at a faster rate than revenue during 2006 and 2007. Highlights:

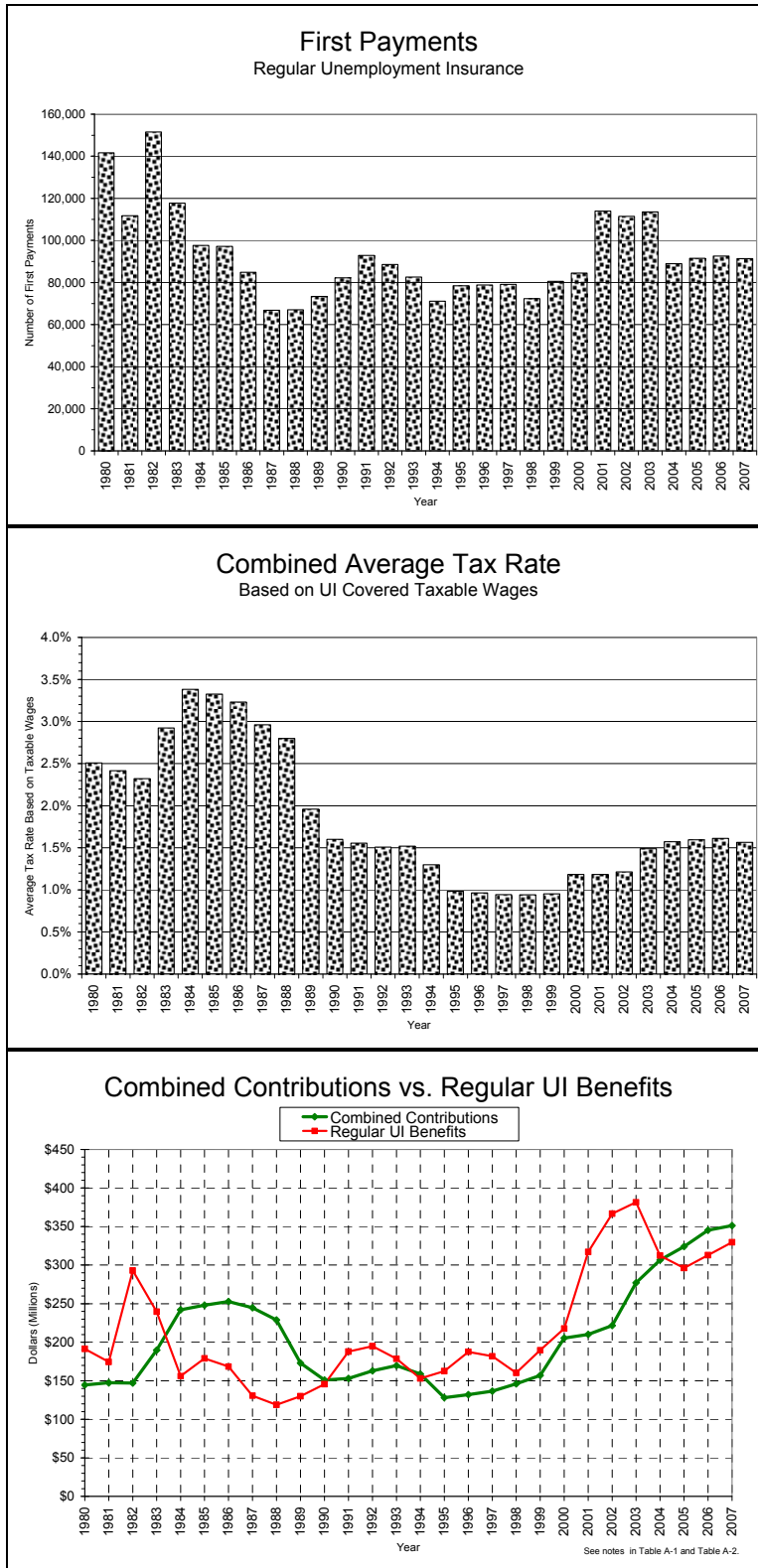
- The average tax rate rose from 1.2% in 2002 to 1.5% in 2003 and 1.6% in 2004 through 2007 because tax table 6 was triggered in 2003. This is still well below the average tax rate during the 1980's, which reached 3.4% in 1984.
- About 45% of private employers had a zero UI tax rate in 2007.
- Taxable wages grew by an estimated 4.5%, slightly slower than 2006.

**UI Trust Fund:** The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI tax system automatically adjusts employer tax rates based on the strength of the UI trust fund and UI benefit experience.

The year-end combined trust fund balance fell from \$810 million in 2000 to \$657 million in 2003 due to the recession and slow recovery. The fund rebounded to a record \$865 million in 2007. When the fund is adjusted for inflation and wage growth, the strength of the fund is below 2000 levels.

**Conclusions:** Iowa entered the decade with a strong UI trust fund. This has allowed the fund to pay benefits without borrowing from the federal government. The state's UI trust fund is expected to remain solvent. Benefits have remained at about \$300 million despite lower unemployment rates. Higher tax rate tables may trigger if unemployment levels increases.

## UI Trust Fund History at a Glance

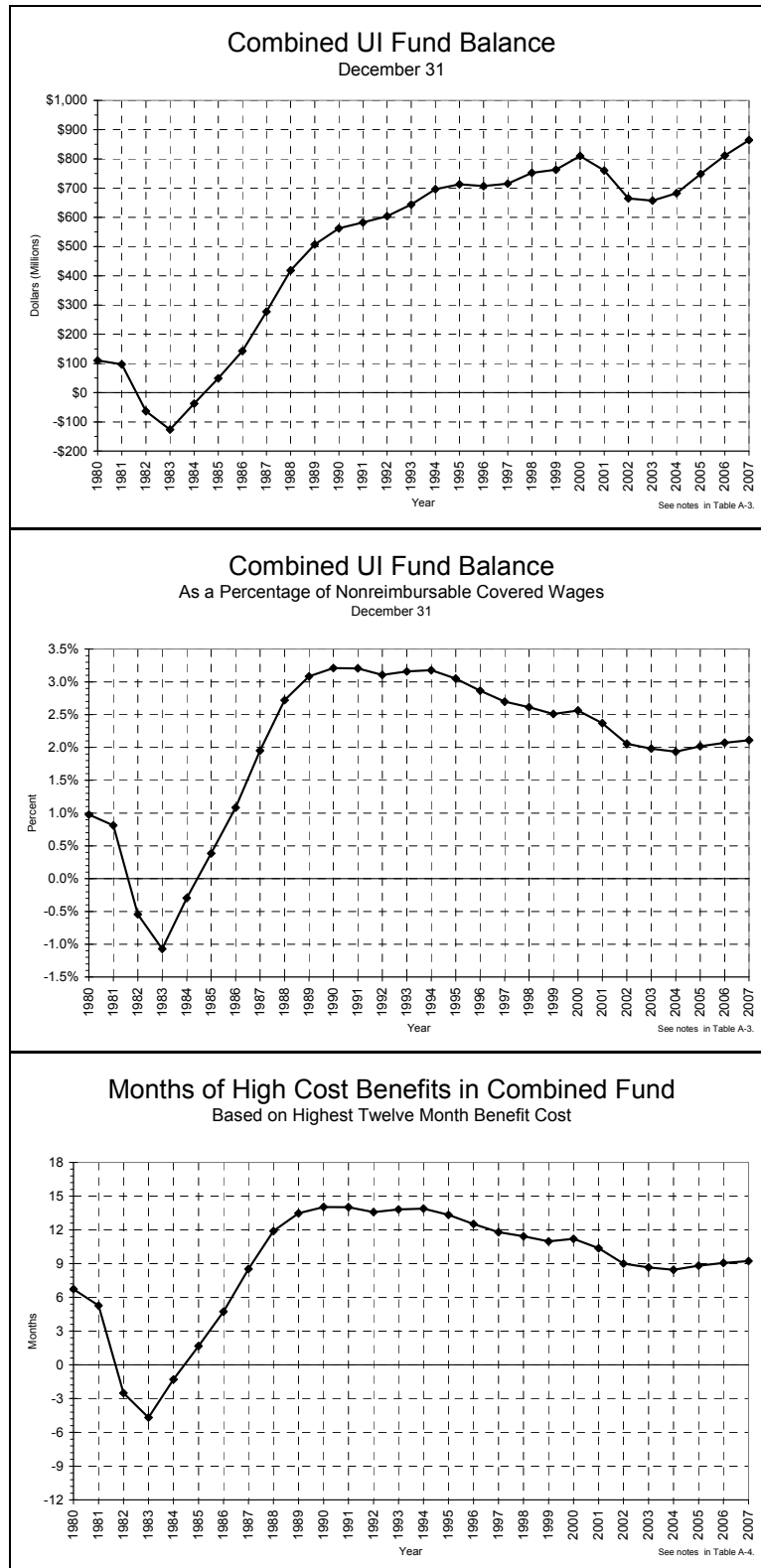


A slower national economy caused a higher number of first payments during 2001 through 2003. A decline in the number of new layoffs yielded lower first payments levels in 2004. First payments remained relatively steady in 2005 through 2007.

Tax table 6 was triggered for 2003 due to a declining trust fund balance. Tax table 6 will remain in effect through 2008. The 2007 average tax rate of 1.6% is still well below the average tax rates in the 1980's.

Regular UI benefits have exceeded contributions each year from 1995 through 2004. The fund partially rebounded in 2005 through 2007 as contributions exceeded benefits for the first time since 1994.

# UI Trust Fund History at a Glance



The year-end combined UI Fund balance fell to \$657 million in 2003 from a high of \$810 million in 2000. The fund balance rebounded to a record \$865 million in 2007, but the fund remained lower than 2000 in inflation adjusted dollars.

The UI Fund as a percent of covered wages was over 3.0% during the first half of the 1990's. In 2007 it was 2.1%. UI fund growth has not kept up with covered wage growth over the last ten years. Covered wage growth one measure of potential fund liabilities.

If a recession similar to 1982-1983 were to hit, the fund would be large enough to pay benefits for about nine months. A recession of this magnitude would have pushed 2007 UI benefits to over \$1 billion.



## A. Unemployment Insurance Benefits

Unemployment Insurance (UI) payments fell from a record level of \$381 million in 2003 to \$312 million in 2004 as new layoffs declined and Iowa recovered from the effects of the national recession. The benefit level fell slightly to \$296 million in 2005, but rebounded to \$313 million in 2006 and \$330 million in 2007.

**UI Benefits:** Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

### **Maximum Weekly Benefit Amount:**

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. The maximum weekly benefit increased by about 3.8% from July 2006 to July 2007. The current MWB amounts are listed below:

Number of Dependents	Average Weekly Wage 2006	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2007
0	\$655.66	53%	\$347
1	\$655.66	55%	\$360
2	\$655.66	57%	\$373
3	\$655.66	60%	\$393
4	\$655.66	65%	\$426

### **Average Weekly Benefit (AWB):**

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. About half of claimants draw the maximum weekly benefit. A claimant would need high quarter earnings of about \$7,940 to qualify for the maximum weekly benefit.

The average weekly benefit grew by 4.0% from \$269.38 in 2006 to \$280.17 in 2007. This growth rate is slightly higher than the statewide average weekly wage growth.

**Duration of UI Benefits:** The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The average duration of UI benefits reached 14.1 weeks in 2004. The average duration declined to 12.5 weeks in 2005 and 2006, but rose slightly to 12.9 weeks in 2007.

**First Payments:** The national economic slowdown pushed the number of UI claimants who received their first payment of a new benefit year up by 35% from 84,455 in 2000 to 113,983 in 2001.

First payments exceeded 110,000 during 2001 through 2003. They fell to 88,976 in 2004 as new layoffs declined. First payments remained stable at 91,540 in 2005, 92,610 in 2006 and 91,367 in 2007.

**Weeks Compensated:** The number of weeks of UI benefits compensated grew from 949,794 in 2000 to a 20-year high of 1,532,204 in 2003. Weeks compensated fell in 2004 and 2005, but increased slightly in 2006 and 2007.

**UI Benefit Summary:** UI Benefits rose each year from \$218 million in 2000 to a record high of \$382 million in 2003. UI Benefits decreased in 2004 and 2005, but increased in 2006 and 2007. UI Benefits totaled \$330 million in 2007.

## B. Unemployment Insurance Revenue

Combined contributions grew by 1.7% from \$345 million in 2006 to \$351 million in 2007. This increase was below estimated taxable wage growth.

**Average Tax Rate:** The average employer tax rate was over 3.0% during 1984 through 1986 as the trust fund was rebuilding from the recession of the early 1980's. The average tax rate fell to around 1.5% when tax table 6 was in effect during 1990 through 1993.

The fund balance was large enough to trigger tax table 8 for 1995 through 1999. The average tax rate was slightly below 1.0% during these five years. Tax table 7 was triggered for 2000 through 2002 and the average tax rate moved to 1.2%.

Tax table 6 was triggered for 2003 because an economic slowdown caused benefits to increase and the fund balance to decrease. The average tax rate rose to around 1.6% in 2003 through 2007.

The Iowa Code has eight tax tables. Tax table 1 has the highest tax rates and tax table 8 has the lowest. Tax tables are triggered based on the relative trust fund strength. The average tax rate for experienced rated employers ranges from 3.5% in table 1 to 1.0% in table 8.

**Individual Employer Tax Rates:** The average combined tax rate for 2007 was 1.57%, but tax rates for individual employers ranged from 0.0% to 8.0% under tax table 6.

Iowa's UI tax rates are dependent on the benefit experience of individual employers. Almost half of private

employers qualified for a zero tax rate because they had no benefit charges or very low charges. About 75% of private employers received a tax rate of 1.0% or lower. Iowa also has a new non-construction rate of 1.0%, the lowest new employer rate permitted by federal law.

**Taxable Wages:** During 2007, Iowa employers paid UI contributions on the first \$22,000 of an employee's wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

The national economic slowdown caused taxable wage growth to slow in 2001 through 2003. Employment and wage growth increased taxable wages growth in 2004 through 2007, but growth remained slower than during the late 1990's.

**Contributions:** Combined UI contributions grew by about 1.7% from \$345 million in 2006 to \$351 million in 2007. This increase was below estimated taxable wage growth.

**Interest:** Interest received from the federal government on the trust fund rose by 4.5% to about \$33 million in 2007. The interest rate was 4.8%.

**Revenue Summary:** Fund revenue increased by 2% from \$376 million in 2006 to \$384 million in 2007. The benefit payout grew at a faster rate than revenue during 2006 and 2007.

## C. UI Fund Balance

The year-end combined trust fund balance fell from a high of \$810 million in 2000 to \$657 in 2003. The fund rebounded to \$865 million in 2007 in terms of current dollars, but it remained below 2000 levels in real (inflation adjusted) dollars.

**Trust Fund Balance History:** The lowest historic year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average tax rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered lower average tax rates.

The fund reached \$810 million in 2000. During 2001 and 2002, trust fund revenue grew slowly and UI benefits paid grew rapidly. The year-end fund balance fell to \$665 million in 2002.

UI regular benefits hit a record high during 2003. This caused the fund balance to fall to \$657 million in 2003 despite an increase in contributions and a \$40 million Reed Act transfer.

The number of new layoffs declined and UI benefits paid were lower in 2004 through 2007. This enabled the combined trust fund balance to rebound to \$811 million in 2006 and grow to \$865 million in 2007.

**Effect of Wage Growth:** Examining the trust fund balance in terms of absolute dollar amounts can be misleading. The fund balance must grow as covered wages and covered employment grow in order to keep pace with potential fund liabilities.

**CPI Adjusted Fund Balance:** One method of adjusting the fund balance to account for inflation is to use the Consumer Price Index to adjust the fund to 1982-1984 dollars. Using inflation adjusted dollars the fund balance grew by 2% from 2006 to 2007, but remains lower the 2000 inflation adjusted fund balance.

**Fund Balance as a Percent of Covered Wages:** The UI fund is expressed as a percentage of covered wages in order to control for employment and wage growth.

This percentage grew from a deficit during the early 1980's to 3.21% in 1990. This percentage remained relatively unchanged through 1994.

This percentage fell to 1.93% in 2004 and partially rebounded to 2.11% in 2007. The combined fund balance, expressed as a percentage of covered wages, has declined in nine of ten years from 1995 through 2004, but has grown slowly in 2005 through 2007.

**UI Trust Fund Balance Summary:** The year-end fund balance reached \$810 million in 2000, but declined through 2003. A decrease in benefit payments combined with growth in employment and covered wages caused the fund to rebound to \$865 million in 2007. The Inflation (CPI) adjusted fund balance and the wage growth adjusted fund balance were both below 2000 levels.

## D. UI Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

### **Months of Benefits in Trust Fund:**

A popular measure of fund adequacy is the number of months of benefits in the trust fund. This can be measured in several different ways.

**Months of Current Benefits:** This calculates the number of months of benefits that could be paid at the current benefit level. Benefits could be paid for 31 months if they remain at the 2007 level.

### **Months of Benefits at High Cost:**

The 2007 trust fund balance would be sufficient to pay benefits for 9.2 months at the historic highest benefit level. Iowa compares favorably to the national average of 4.3 months. Fund strength is weaker than the early 1990's when the fund balance was sufficient to pay about 14 months of high benefits.

**Federal Solvency Standards:** The U. S. Office of Workforce Security recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2007 figure was slightly below this standard at 11.7 months.

**Recession Level Benefits:** Iowa's highest benefit cost level is based on the twelve-month period ending April 1983. Fund expenditures totaled \$317.5 million and wages totaled \$11.6 billion. Benefits for the twelve-month period equaled 2.7% of wages. If an economic downturn

had pushed 2007 benefits to this 1983 recession level, benefits would have reached \$1.1 billion.

**Rate Table Calculations:** The Iowa UI tax system is designed to automatically adjust tax rates based on trust fund strength. This system is designed to maintain fund solvency and minimize rate fluctuations.

If the fund strength starts to decline, the system will trigger to a tax table with higher tax rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic tax increase in any single year if a recession should strike.

The system triggered a rate increase to tax table 6 for tax year 2003. This helped slow the trust fund balance decline. Tax table 6 is scheduled to remain in effect through 2008.

**Fund Solvency Summary:** The 2001 recession and slow recovery have caused fund solvency problems for some states. Iowa entered the decade with a strong UI trust fund and did not need to borrow to pay benefits. The UI Trust Fund is expected to remain solvent. Higher tax rate tables may trigger if unemployment increases in order to ensure future trust fund solvency.



## **Appendix A - Tables**

Table A-1: Unemployment Insurance Benefit Data.....	12
Table A-2: Unemployment Insurance Revenue Data.....	13
Table A-3: UI Fund Balances .....	14
Table A-4: UI Fund Solvency Measures .....	15
Table A-5: Employer Rate Distribution – 2007 (Private Employers) .....	16

Table A-1  
**Unemployment Insurance Benefit Data**

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Regular Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	141,617	-----	11.9	-----	1,679,090	-----	113.97	-----	191.4	-----
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	174.4	-8.9%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	292.9	67.9%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	239.5	-18.2%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	156.0	-34.9%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	179.0	14.7%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	168.4	-5.9%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	130.7	-22.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	118.7	-9.2%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	130.0	9.5%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	145.6	12.0%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	187.8	29.0%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	194.8	3.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	178.5	-8.4%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	153.1	-14.2%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	162.4	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	187.6	15.5%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	181.8	-3.1%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	160.2	-11.9%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	189.6	18.4%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	217.7	14.8%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	317.1	45.7%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	366.7	15.6%
2003	113,570	1.9%	13.5	0.7%	1,532,402	2.3%	248.94	1.7%	381.5	4.0%
2004	88,976	-21.7%	14.1	4.4%	1,253,028	-18.2%	249.39	0.2%	312.5	-18.1%
2005	91,540	2.9%	12.5	-11.3%	1,141,540	-8.9%	259.57	4.1%	296.3	-5.2%
2006	92,610	1.2%	12.5	0.0%	1,161,526	1.8%	269.38	3.8%	312.9	5.6%
2007	91,367	-1.3%	12.9	3.2%	1,176,569	1.3%	280.17	4.0%	329.6	5.3%

Regular UI Benefits paid by IWD. Table does not includes extended benefits and net adjustments for transfers to other states. Source: ETA-5159

1/22/2008

Table A-2  
Unemployment Insurance Revenue Data

Year	Combined Average Tax Rate		Taxable Wages (\$ billions)		Combined Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Other Incm. (\$ mil.)	Combined Total Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	#	Δ%
1980	2.51%	-----	5.63	-----	144.5	-----	11.8	-----	0.0	156.3	-----
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	0.0	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	0.0	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	0.0	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	----	0.0	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	----	16.5	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	4.5	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	0.0	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	0.1	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	0.2	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	0.0	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	0.0	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	0.0	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	0.0	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	0.0	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	0.0	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	0.0	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	0.0	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	0.0	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	0.0	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	0.0	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	0.0	261.8	2.1%
2002	1.21%	2.5%	17.40	1.1%	221.7	5.5%	48.7	-5.8%	0.0	270.3	3.2%
2003	1.49%	23.1%	17.76	2.1%	277.1	25.0%	43.2	-11.3%	40.0	360.3	33.3%
2004	1.57%	5.4%	18.60	4.7%	306.5	10.6%	39.3	-9.0%	0.0	345.8	-4.0%
2005	1.60%	1.9%	19.61	5.4%	324.0	5.7%	35.1	-10.7%	0.0	359.1	3.8%
2006	1.61%	0.6%	20.77	5.9%	345.2	6.5%	31.2	-11.1%	0.0	376.5	4.8%
2007	1.57%	-2.5%	21.71	4.5%	351.1	1.7%	32.6	4.5%	0.0	383.7	1.9%

Combined contributions include payments made to the Unemployment Trust Fund account of the US Treasury and the Unemployment Compensation Reserve Fund account in the State Treasury. Other Income includes revenue from a trust fund debt repayment tax collected by the federal government in 1985 and 1986 and a one-time Reed Act transfer in 2003. 1/23/2008



Table A-3  
**UI Fund Balances**

December 31

Year	UI Trust Fund Balance		Iowa Reserve Fund Balance		Combined UI Fund Balance					
					Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1980	110.2	----	0.0	----	110.2	----	127.7	----	0.98%	----
1981	96.5	-12.4%	0.0	----	96.5	-12.4%	102.6	-19.7%	0.81%	-17.3%
1982	-63.3	----	0.0	----	-63.3	----	-64.9	----	-0.55%	----
1983	-126.3	----	0.0	----	-126.3	----	-124.7	----	-1.07%	----
1984	-37.4	----	0.0	----	-37.4	----	-35.5	----	-0.30%	----
1985	49.3	----	0.0	----	49.3	----	45.1	----	0.38%	----
1986	142.5	189.0%	0.0	----	142.5	189.0%	129.0	186.0%	1.08%	184.2%
1987	276.9	94.3%	0.0	----	276.9	94.3%	239.9	86.0%	1.95%	80.6%
1988	418.6	51.2%	0.0	----	418.6	51.2%	347.4	44.8%	2.72%	39.5%
1989	506.7	21.0%	0.0	----	506.7	21.0%	401.8	15.7%	3.08%	13.2%
1990	562.4	11.0%	0.0	----	562.4	11.0%	420.3	4.6%	3.21%	4.2%
1991	582.6	3.6%	0.0	----	582.6	3.6%	422.4	0.5%	3.21%	0.0%
1992	604.0	3.7%	0.0	----	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	0.0	----	643.8	6.6%	441.6	3.8%	3.16%	1.6%
1994	696.4	8.2%	0.0	----	696.4	8.2%	465.2	5.3%	3.18%	0.6%
1995	712.9	2.4%	0.0	----	712.9	2.4%	464.5	-0.2%	3.05%	-4.1%
1996	706.9	-0.8%	0.0	----	706.9	-0.8%	445.7	-4.0%	2.87%	-5.9%
1997	715.1	1.2%	0.0	----	715.1	1.2%	443.4	-0.5%	2.70%	-5.9%
1998	752.1	5.2%	0.0	----	752.1	5.2%	458.9	3.5%	2.61%	-3.3%
1999	762.7	1.4%	0.0	----	762.7	1.4%	453.2	-1.2%	2.51%	-3.8%
2000	809.8	6.2%	0.0	----	809.8	6.2%	465.4	2.7%	2.56%	2.0%
2001	760.3	-6.1%	0.0	----	760.3	-6.1%	430.3	-7.5%	2.37%	-7.4%
2002	665.0	-12.5%	0.0	----	665.0	-12.5%	367.6	-14.6%	2.06%	-13.1%
2003	657.2	-1.2%	0.0	----	657.2	-1.2%	356.6	-3.0%	1.98%	-3.9%
2004	635.2	-3.3%	47.5	----	682.8	3.9%	358.8	0.6%	1.93%	-2.5%
2005	643.2	1.3%	105.6	122.3%	748.8	9.7%	380.5	6.0%	2.02%	4.7%
2006	665.8	3.5%	145.4	37.7%	811.2	8.3%	402.0	5.7%	2.07%	2.5%
2007	714.9	7.4%	149.8	3.0%	864.7	6.6%	411.7	2.4%	2.11%	1.9%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the principal in the unemployment compensation reserve fund set up to under S.F. 458 (2003). Principal in the fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits..

2/7/2008

Table A-4  
**UI Fund Solvency Measures**

December 31

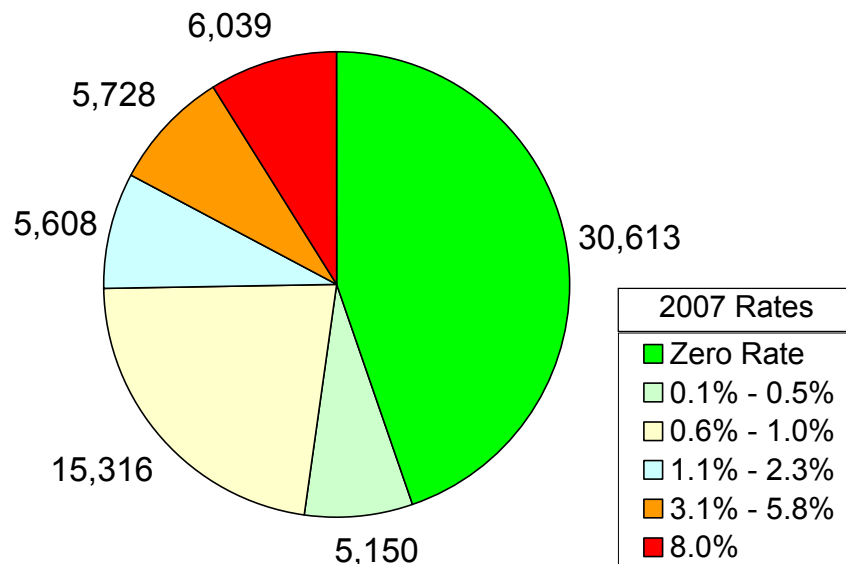
Year	Months of Benefits in Combined UI Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level		#	Δ%
	#	Δ%	#	Δ%	#	Δ%		
1980	6.7	-----	6.7	-----	8.4	-----	196.5	-----
1981	6.7	0.0%	5.3	-20.9%	7.0	-16.7%	219.6	11.8%
1982	-2.4	-----	-2.5	-----	-3.4	-----	302.5	37.8%
1983	-6.0	-----	-4.7	-----	-6.0	-----	323.6	7.0%
1984	-2.9	-----	-1.3	-----	-1.6	-----	346.3	7.0%
1985	3.3	-----	1.7	-----	2.1	-----	352.5	1.8%
1986	10.4	215.2%	4.7	176.5%	6.0	185.7%	361.6	2.6%
1987	26.3	152.9%	8.5	80.9%	10.8	80.0%	389.5	7.7%
1988	44.0	67.3%	11.9	40.0%	15.1	39.8%	422.6	8.5%
1989	49.3	12.0%	13.5	13.4%	17.1	13.2%	451.3	6.8%
1990	47.7	-3.2%	14.0	3.7%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.3%	14.0	0.0%	17.8	0.0%	498.8	3.7%
1992	38.4	1.1%	13.6	-2.9%	17.2	-3.4%	533.9	7.0%
1993	44.4	15.6%	13.8	1.5%	17.5	1.7%	559.5	4.8%
1994	55.7	25.5%	13.9	0.7%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.4%	13.3	-4.3%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.3%	12.5	-6.0%	15.9	-5.9%	677.5	5.6%
1997	47.8	3.7%	11.8	-5.6%	15.0	-5.7%	727.7	7.4%
1998	57.1	19.5%	11.4	-3.4%	14.5	-3.3%	789.8	8.5%
1999	48.8	-14.5%	11.0	-3.5%	13.9	-4.1%	834.3	5.6%
2000	45.1	-7.6%	11.2	1.8%	14.2	2.2%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.1%	13.2	-7.0%	880.6	1.5%
2002	22.0	-24.7%	9.0	-13.5%	11.4	-13.6%	887.0	0.7%
2003	21.2	-3.6%	8.7	-3.3%	11.0	-3.5%	910.6	2.7%
2004	26.5	25.0%	8.5	-2.3%	10.7	-2.7%	969.0	6.4%
2005	30.6	15.5%	8.8	3.5%	11.2	4.7%	1,018.3	5.1%
2006	31.4	2.6%	9.1	3.4%	11.5	2.7%	1,075.2	5.6%
2007	31.5	0.3%	9.2	1.1%	11.7	1.7%	1,124.7	4.6%

See notes in table A-3.

2/7/2008

Table A-5 Employer Contribution Rate Distribution Based on Original Employer Rate Notices All Private Contributory Employers Rate Year 2007				
Tax Rate Table 6	Private Contributory Firms		Taxable Wages Merit Year Ending June 30, 2006	
	Number	Percent	Dollars	Percent
Zero Rate	30,613	44.7%	2,739,001,535.60	13.5%
0.1% - 0.5%	5,150	7.5%	4,580,358,782.69	22.6%
0.6% - 1.0%	15,316	22.4%	4,557,766,420.85	22.5%
1.1% - 2.3%	5,608	8.2%	4,533,543,021.51	22.4%
3.1% - 5.8%	5,728	8.4%	2,742,081,945.09	13.5%
8.0%	6,039	8.8%	1,099,204,935.01	5.4%
Total	68,454	100.0%	20,251,956,640.75	100.0%
Table includes private experience rated and unrated (new) employers.				

**UI Contribution Rate Distribution**  
Private Experienced Rated and New Employers - 2007

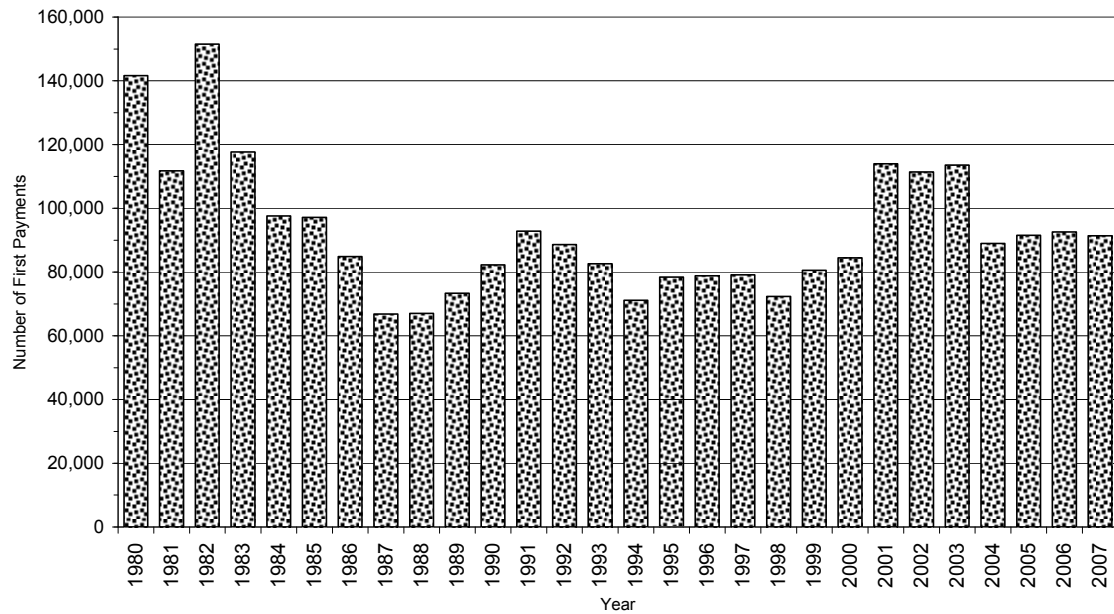


## Appendix B – Graphs

First Payments .....	18
Final Payments (Exhaustions) .....	18
Average Weeks of Duration .....	19
Average Weekly Benefit.....	19
Weeks Compensated.....	20
UI Benefits Paid .....	20
Taxable Wages .....	21
Total Combined Contributions .....	21
Combined Average Tax Rate (Based on Taxable Wages) .....	22
Combined Average Tax Rate (Based on Total Wages) .....	22
UI Tax Rate Table.....	23
Interest Received .....	23
Combined UI Fund Revenue .....	24
Combined Contributions vs. Regular UI Benefits .....	24
Combined UI Fund Balance .....	25
Combined UI Fund Balance (CPI Adjusted 1982-84=100) .....	25
Combined UI Fund Balance (As a Percentage of Covered Wages).....	26
Months of Benefits in Combined Fund (Highest Twelve Month Costs) .....	26
Months of Benefits in Combined Fund (Highest Three Year Average Cost) .....	27
Months of Benefits in Combined Fund (Current Benefit Levels) .....	27
Iowa Total Unemployment Rate.....	28
Iowa Insured Unemployment Rate.....	28

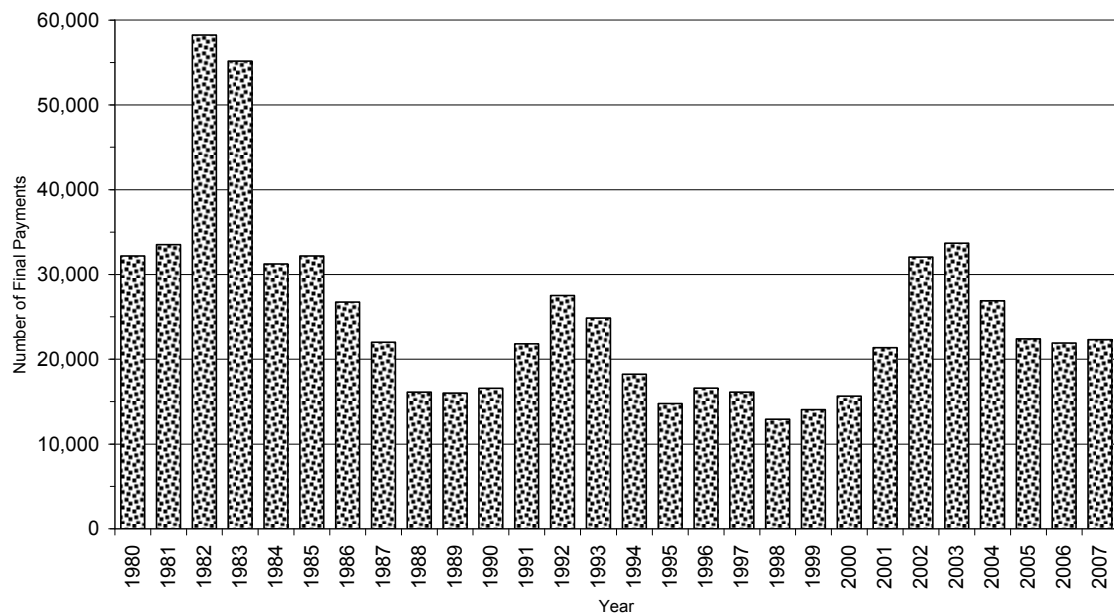
## First Payments

### Regular Unemployment Insurance

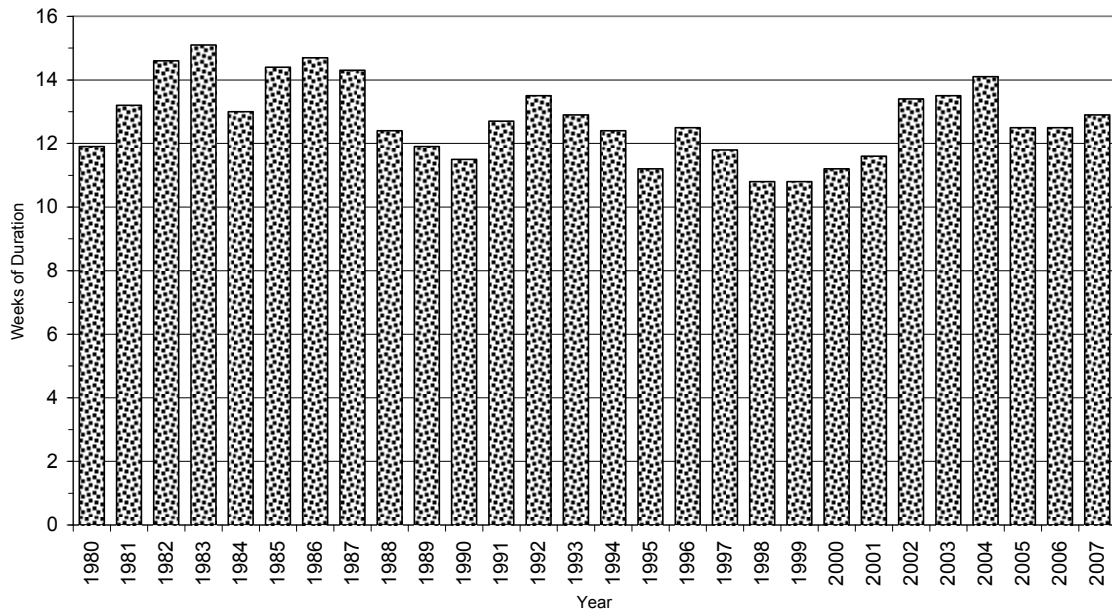


## Final Payments

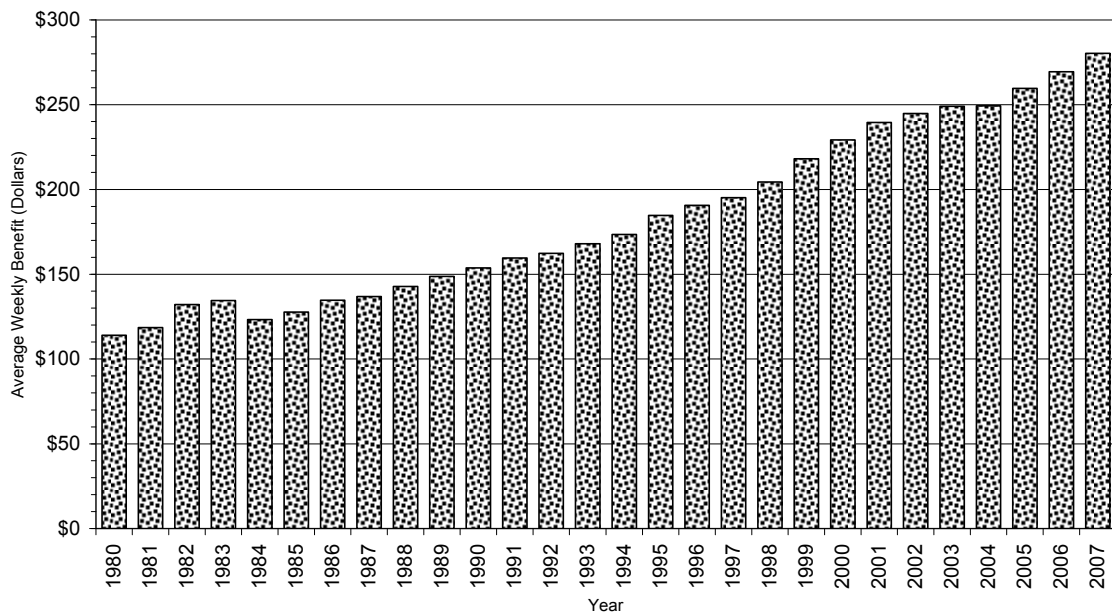
### Regular Unemployment Insurance



## Average Weeks of Duration Regular Unemployment Insurance

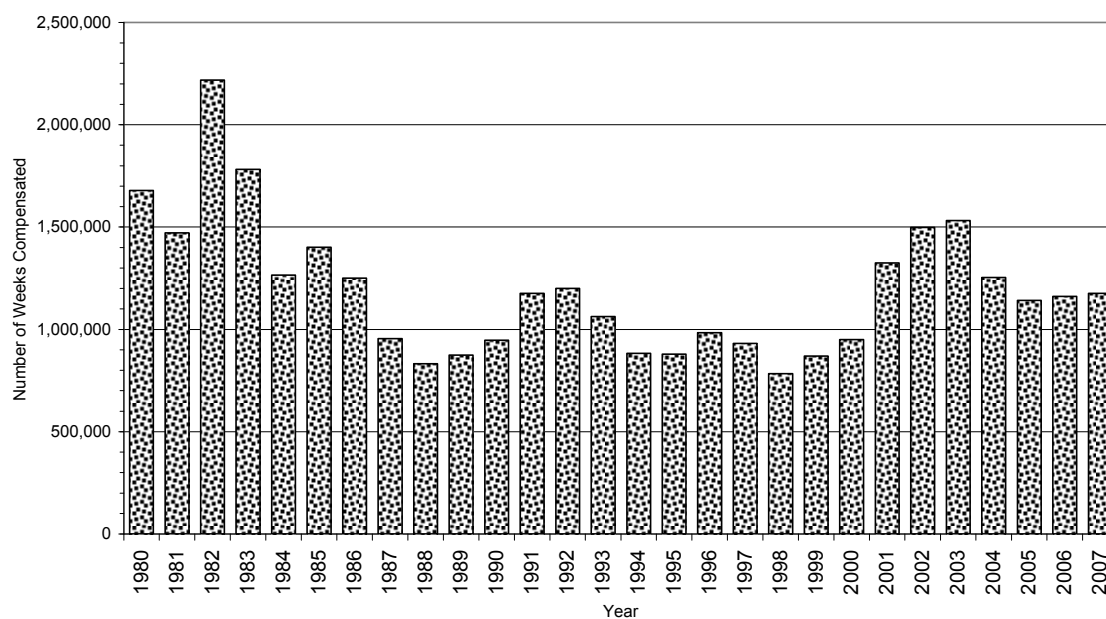


## Average Weekly Benefit Regular Unemployment Insurance



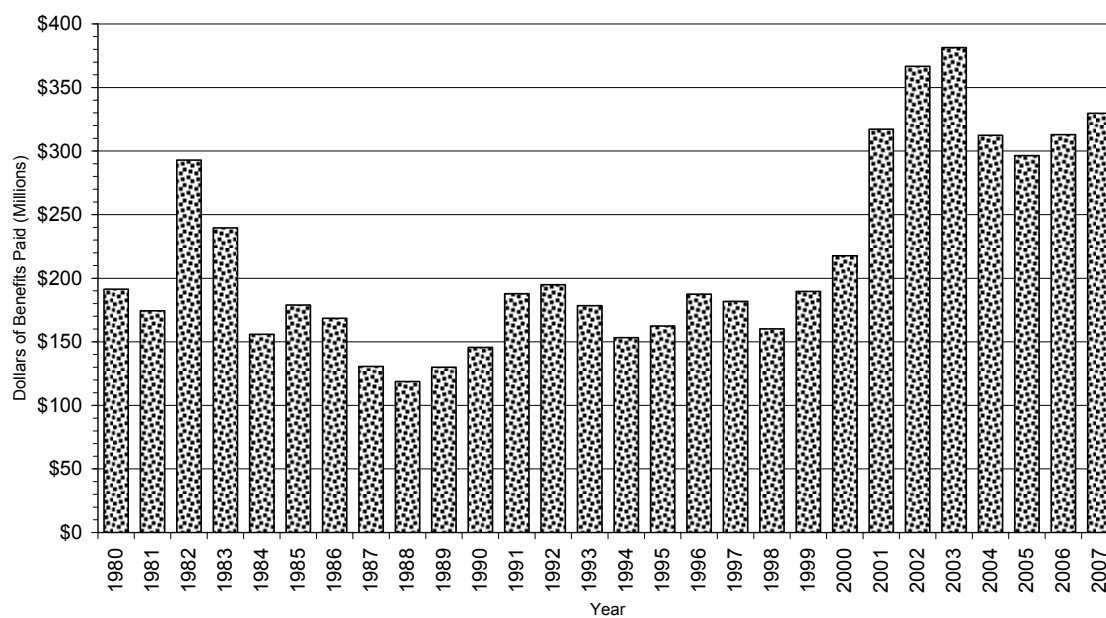
## Weeks Compensated

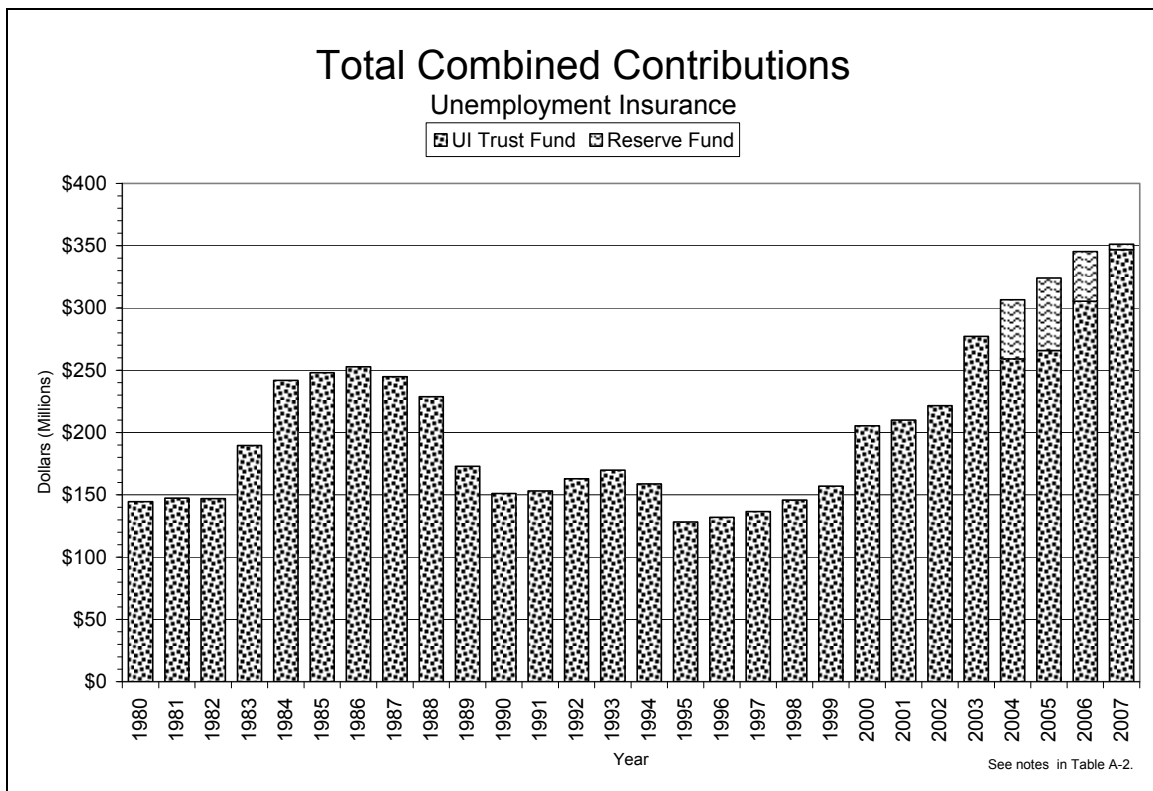
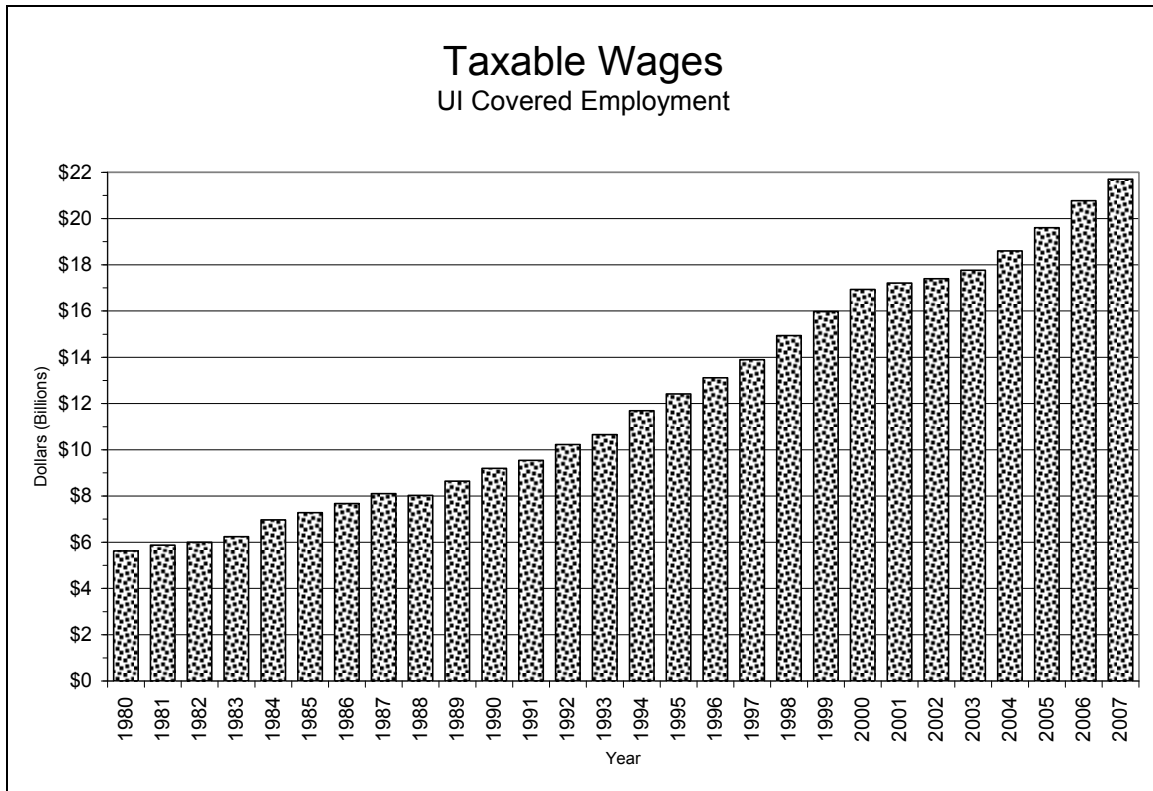
### Regular Unemployment Insurance



## Unemployment Insurance Benefits Paid

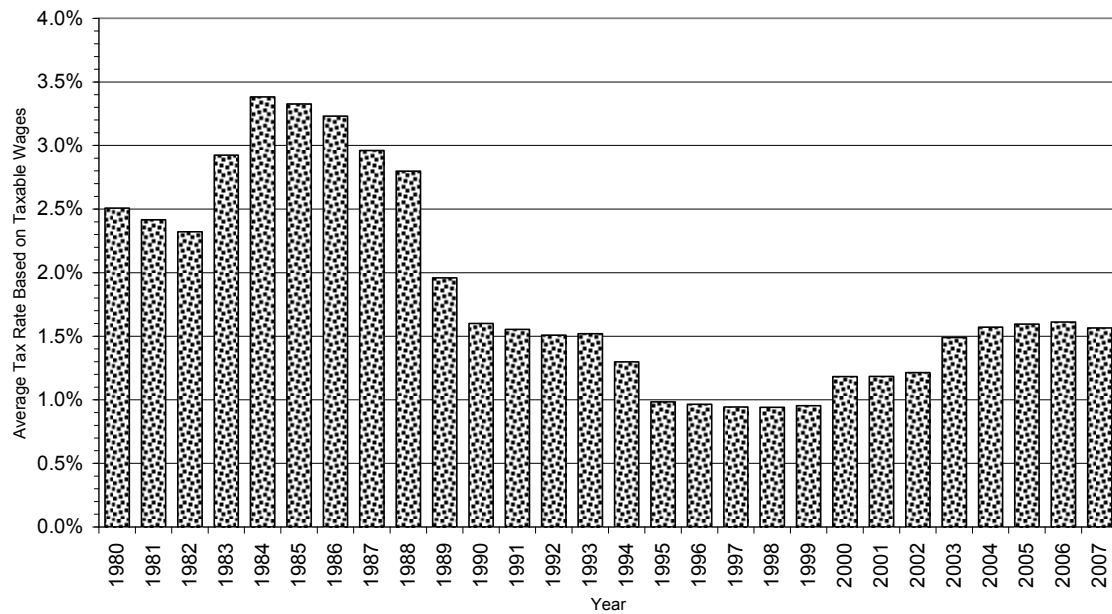
### Regular UI Benefits



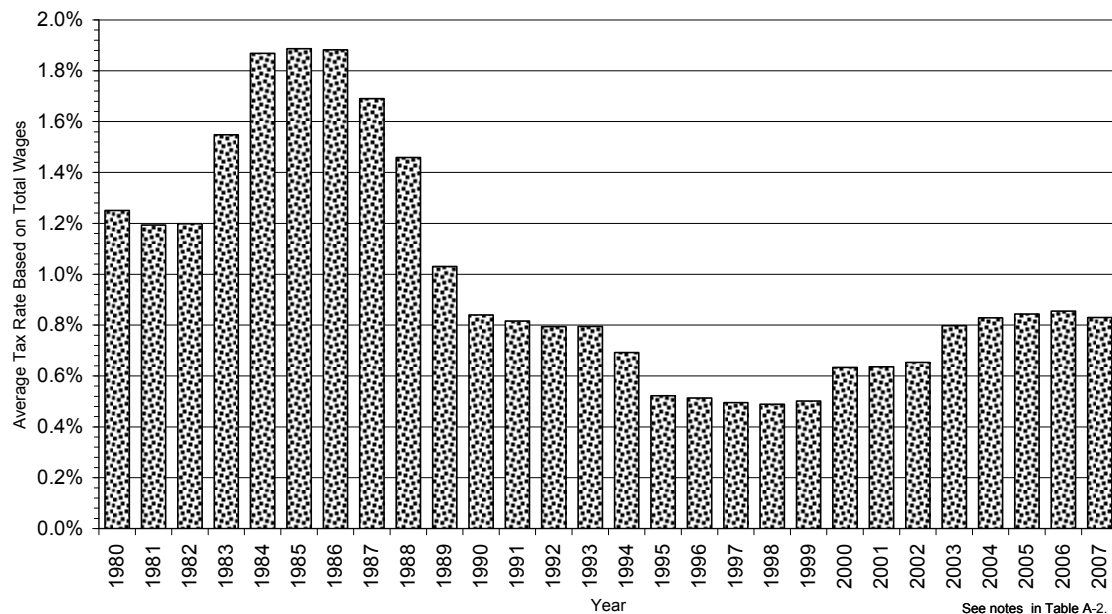




## Combined Average Tax Rate Based on UI Covered Taxable Wages

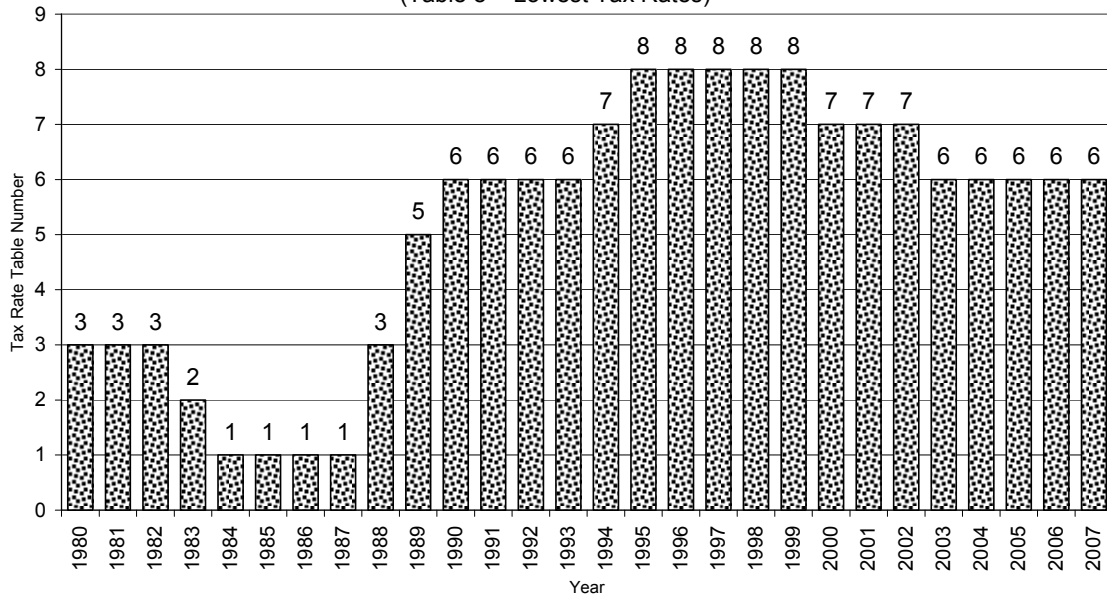


## Combined Average Tax Rate Based on UI Covered Total Wages



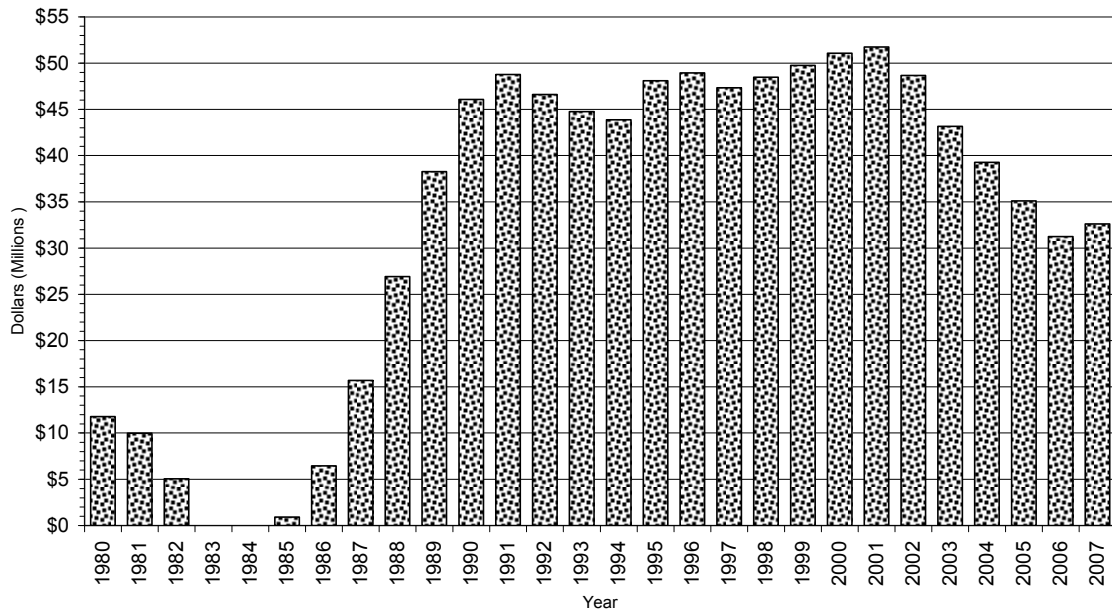
## UI Tax Rate Table

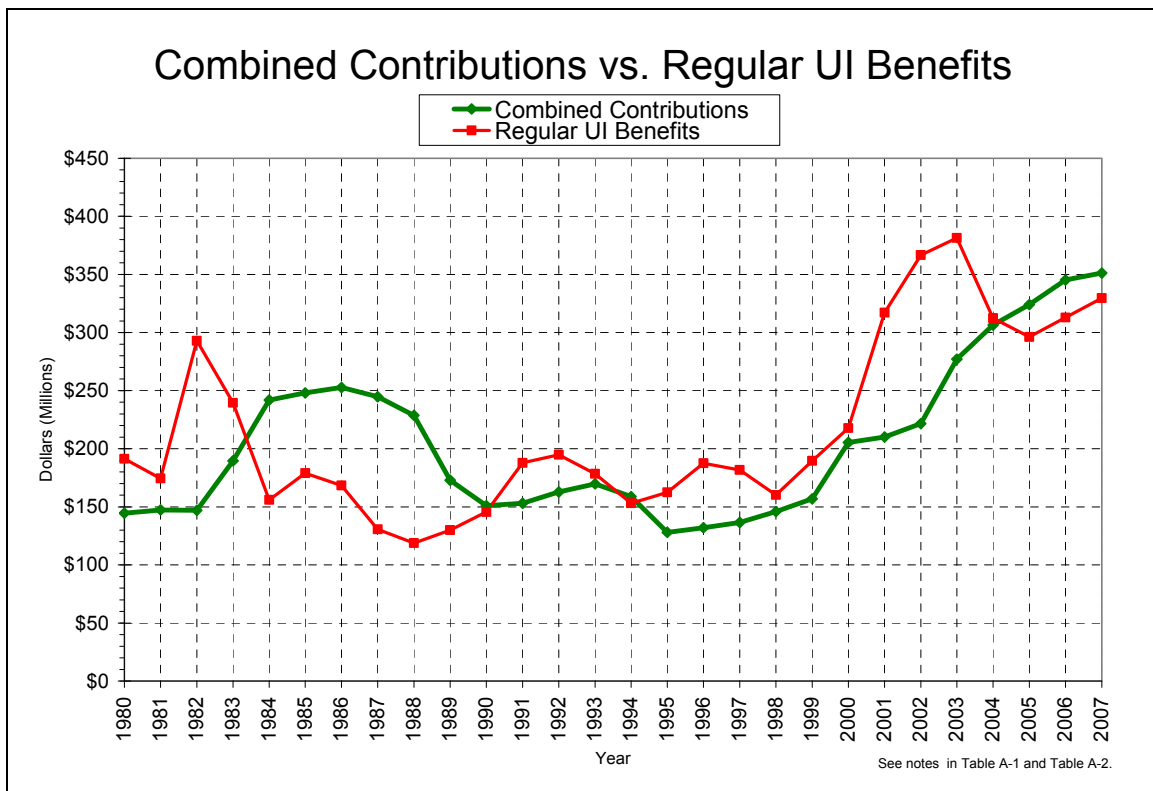
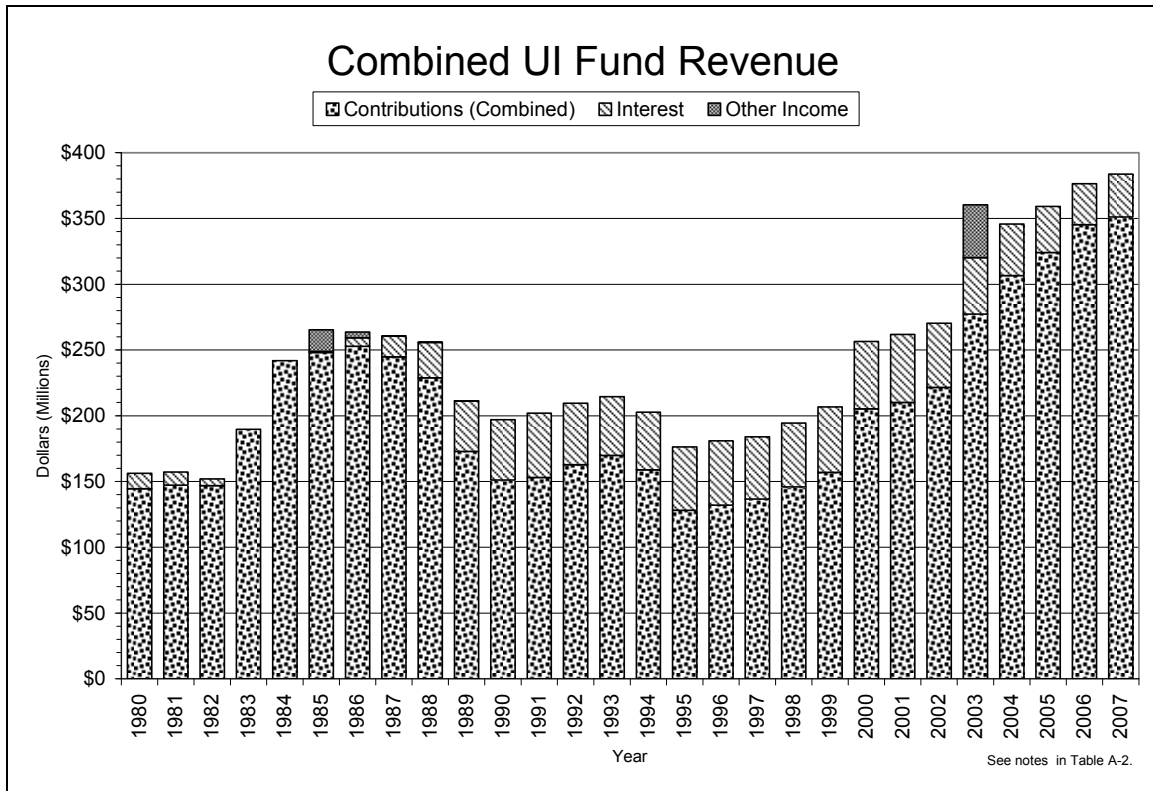
Iowa Code Provides Eight Tax Tables  
(Table 1 = Highest Tax Rates)  
(Table 8 = Lowest Tax Rates)



## Interest Received

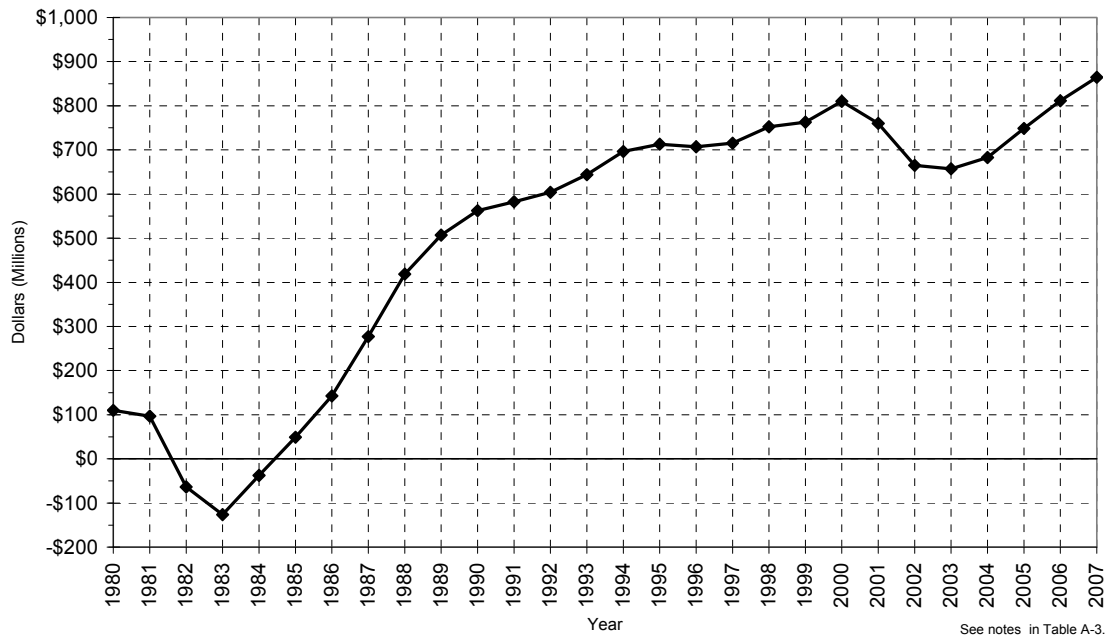
Unemployment Insurance Trust Fund





## Combined UI Fund Balance

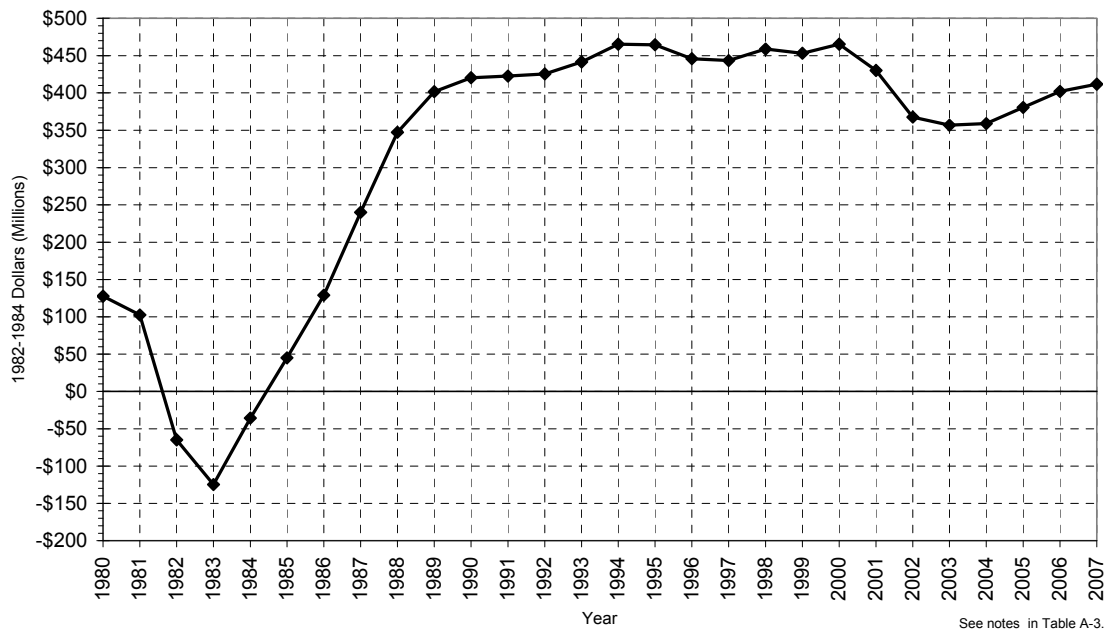
December 31

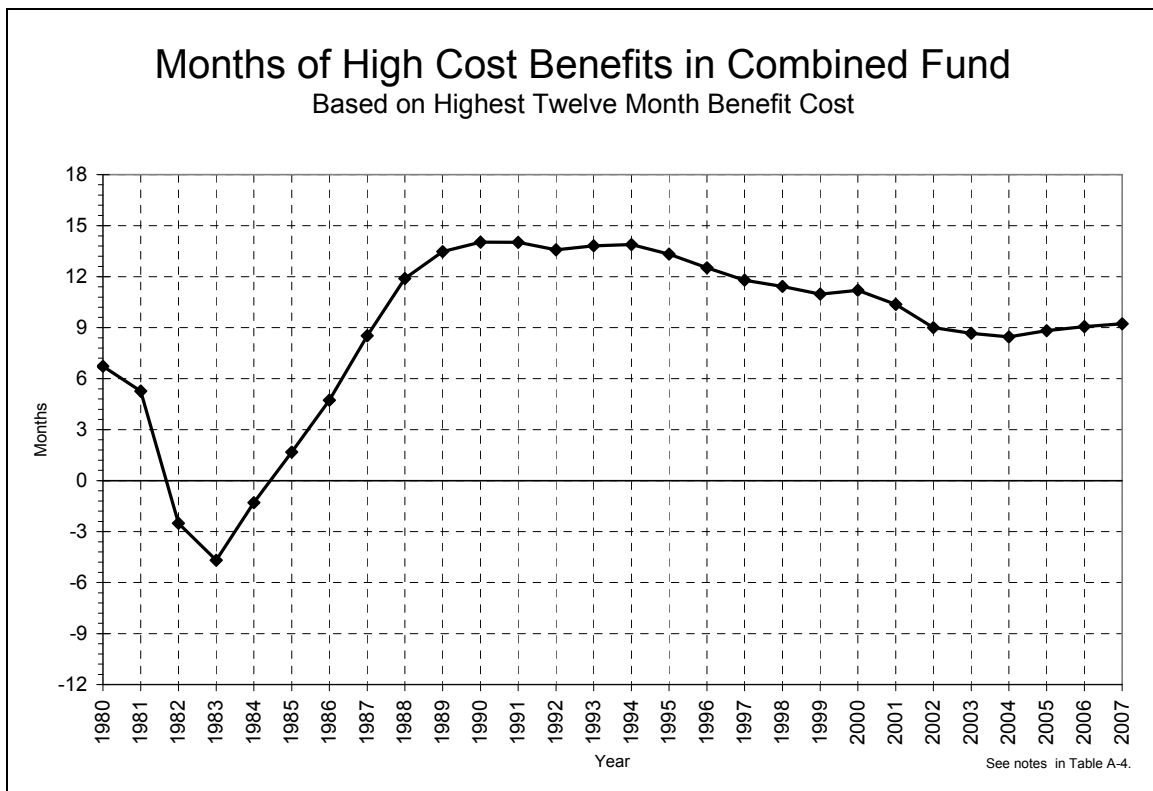
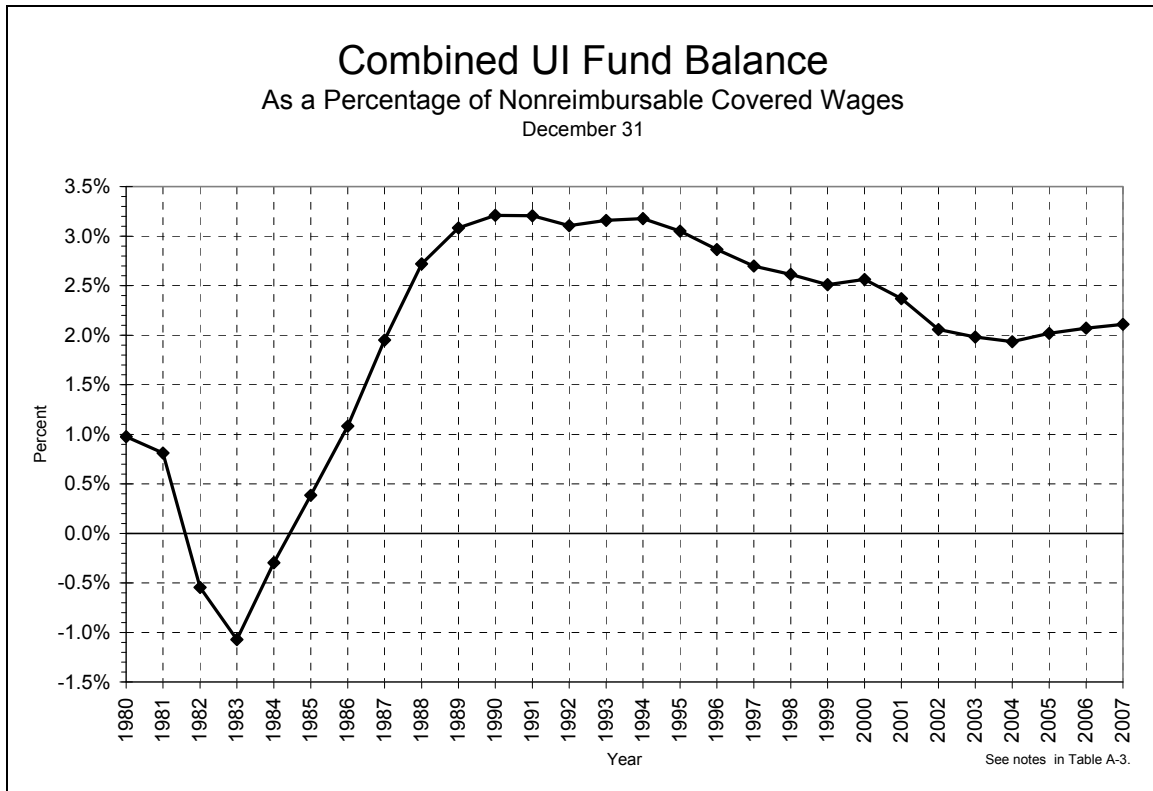


## Combined UI Fund Balance

Adjusted Using The CPI-U (1982-84=100)

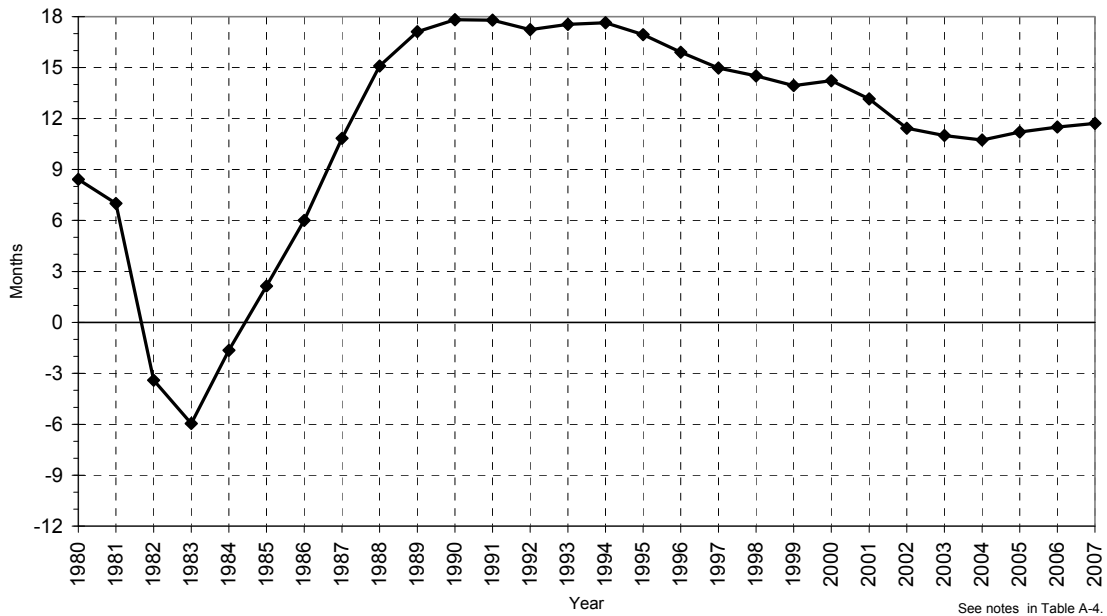
December 31





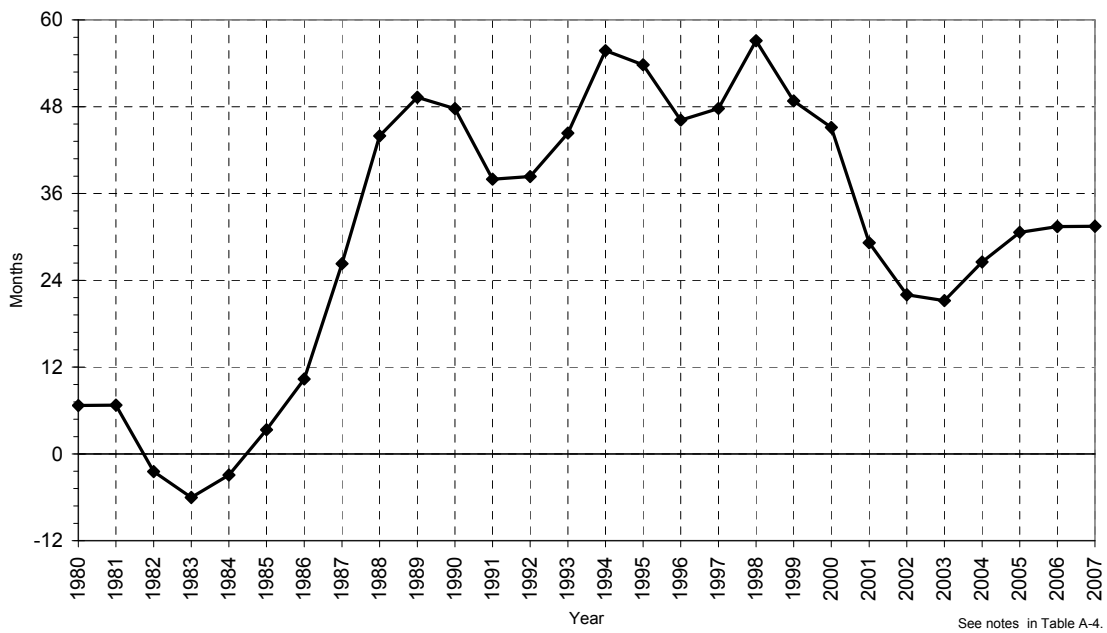
## Months of High Cost Benefits in Combined Fund

Based on Highest Three Year Average Benefit Cost



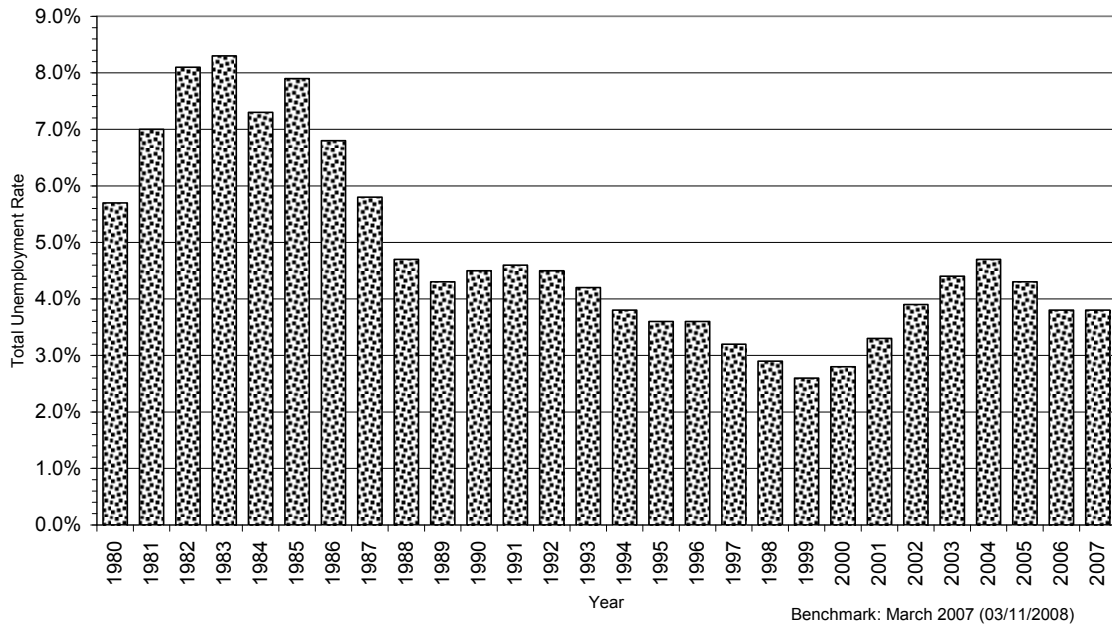
## Months of Benefits in Combined Fund

Based on Current Year Benefit Levels



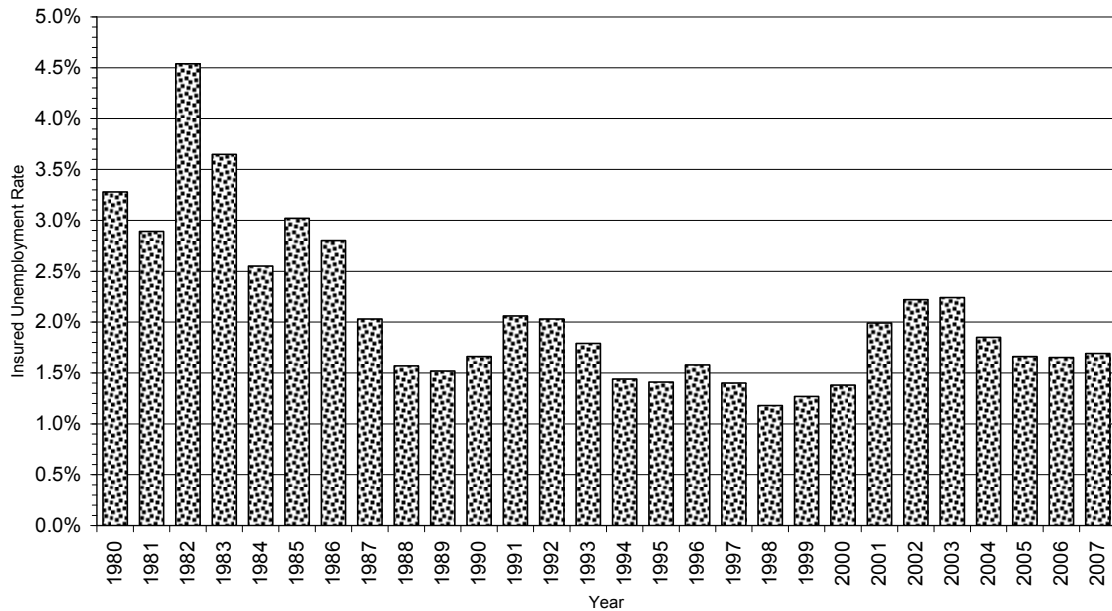
## Iowa Total Unemployment Rate

Bureau of Labor Statistics



## Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



## Appendix C: Definition and Technical Notes

### UI Fund Balance Measures

This report measures the condition of the funds designated to pay unemployment compensation benefits. In the past, unemployment compensation benefits have been paid entirely from the Unemployment Trust Fund. In 2003 the Iowa legislature set up the Unemployment Compensation Reserve Fund in the state treasury to pay benefits if the UI Trust Fund balance is insufficient. Since both funds are available to pay benefits, this report uses the combined balance of the two funds to compute solvency measures.

**Unemployment Trust Fund:** A fund established in the Treasury of the United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and Federal unemployment taxes collected by the Internal Revenue Service.

**UI Trust Fund Balance:** In this report this term refers to the balance in Iowa's individual account in the Unemployment Trust Fund. This also includes the \$40 million transferred from the Reed Act special distribution to the Unemployment Trust Fund under S. F. 458 in 2003.

**Iowa Reserve Fund:** This refers to the principal in the Unemployment Compensation Reserve Fund created in the state treasury under S. F. 458 in 2003. Monies in the reserve fund shall be used to pay benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

**Combined Trust Fund:** This report uses this term to refer to the combined balances of the UI Trust Fund and the Iowa Reserve Fund.

### Other Definitions

Most other terms in this report are defined in the *UI Reports Handbook* and the *UI Data Summary* published by the U. S. Department of Labor. These definitions include:

**Regular UI Benefits Paid:** Unemployment benefits paid under the regular unemployment program. This figure does not include federal unemployment benefits and special programs such as Extended Benefits (EB) and Temporary Emergency Unemployment Compensation (TEUC). (Source: ETA-5159)

**Average Duration:** The number of weeks compensated for the year divided by the number of first payments.

**Exhaustion Rate:** A rate computed by dividing the average monthly exhaustions by the average monthly first payments. To allow for the normal flow of claimants through the program, the numerator lags the denominator by 26 weeks,

**First Payments:** The first payment in a benefit year for a week of unemployment claimed under a specific UI program. (Source: ETA-5159).


**Final Payments:** Also called exhaustions. The number of claimants drawing the final payment of their original UI entitlement. (ETA 5159)

**Trust Fund Expenditures:** Trust fund expenditures include regular UI benefits adjusted for net payment to other states and the state's share of extended benefits.

**Trust Fund Interest:** The amount of interest earned on the Unemployment Trust Fund account. Interest paid by the U. S Treasury is credited on the notification date for this report. The interest rate paid to states is available at: [http://www.treasurydirect.gov/govt/rates/rates\\_tfr.htm](http://www.treasurydirect.gov/govt/rates/rates_tfr.htm).







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